Monthly Bulletin
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Madras Development Seminar Series

Vol. I, No. I

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This monthly bulletin is an outcome of the seminar programme of the Madras Institute of Development Studies.

The seminar established itself at its first meeting on January 28th. The following have accepted membership of the seminar :

C. M. Abraham	Sociology	Madras
Malcolm S. Adiseshiah	Economics	Madras
M. S. Apparao	Business Management	Madras
M. V. Arunachalam	Business Management	Madras
S. V. Chittibabu	Education	Madras
A. Devasia, S. J.	Economics	Madras
K. S. Hegde	Engineering	Madras
R. Jayalakshmi	Economics	Madras
K. M. Joshi	Education	Pondicherry
P. V. Krishnamurthy	Mass Media	Madras
C. T. Kurien	Economics	Madras
P. S. Lokanathan	Economics	Madras
T. M. P. Mahadevan	Human Sciences	Madras
V. Sp. Manickam	Human Sciences	Annamalainagar
J. P Naik	Social Sciences	New Delhi
T. S. R. Narasimhan	Public Administration	Madras
Y. Nayudamma	Science	Madras
K K. Pillay	Social Science	Madras
P. K. S. Raja	Social Science	Annamalainagar
C. D Rajesvaran	Economics	Madras
A. Ramachandran	Engineering	Madras
J. Ramachandran	Political Science	Madras
A. Ramakrishnan	Science	Madras
M. N. Rao	Business Management	Madras
T. S. Sadasivan	Science	Madras
V. Shanmugasundaram	Economics	Madras
C. Subramaniam	Public Affairs	Delhi
N. Subramanian	Human Sciences	Madurai
N. D Sunderavadivelu	Education	Madras
R. Venkataraman	Planning	New Delhi
T. S. Venkateswami	Economics	Madras

The seminar will meet at 5 p.m. on the last Thursday of every month in the seminar room of the Institute to discuss the month's paper circulated at least ten days in advance. The seminar programme for 1971 as established by the members is as follows :

January	28,	Thursday	Indian Manpower Dilemmas	E. Ginsberg
February	25,	,,	Population Problems and Family Planning in India	K. K. Pillay
March	25,	,,	Innovation in Tamil Nadu education	K. S. Hegde
April	29,	,,	Enterpreneurship in Tamil Nadu	V. Shanmugasundaram
May	27,	,,	A sociological approach to economic development	C. M. Abraham
June	24,	,,	A science policy for Tamil Nadu	A. Ramakrishnan
July	29,	,,	Education of women and girls in Tamil Nadu	S. V. Chittibabu
August	26,	,,	The problem of suburbanisation	C. T. Kurien
September	30,	,,	The role of radio and social change in India	P. V. Krishnamurthy
October	28,	,,	Teaching of science in schools and the need for a dynamic curriculum	T. S. Sadasivan
November	25,	,,	Dry farming technology	R. Jayalakshmi
December	30,	,,	Problems of growth in Tamil Nadu	M. S. Adiseshiah

The first seminar was led by Prof. Eli Ginsberg of Columbia University, New York, who has returned to India for the third time on a short advisory mission on behalf of the Ford Foundation. His presentation —India's Manpower Dilemmas—is the main feature

of this Vol. I, No. 1 of the bulletin. The bulletin containing the previous month's seminar paper will appear on the 20th of the following month.

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The first meeting of the Advisory Committee of the Institute met also on Thursday, January 28th at 11 a.m. This Committee is composed of the Vice-Chancellor, University of Madras as Chairman; the Professor of Economics, University of Madras, Professor of Social Science, Annamalai University, Professor of Human Science, Madurai University, the Member-Secretary, Indian Council of Social Science Research, the Secretary-Partner of M/s. Seshachalam Book Company, the Co-trustee, and the Director. The Committee reviewed the four point programme of the Institute for 1971 and endorsed, for the first three years its concentration on Tamil Nadu and its agro-rural development and complex. It recommended five priority research themes for the Institute—Dry farming technology, Rural-urban terms of trade, Rural manpower profile, Social stratification and income earning trends of the harijan community, and Rural primary schooling and adult literacy. Recommendations were made also with regard to the library and documentation services of the Institute, its seminar and fellowships plan and its publications programme which includes this monthly bulletin, a half-yearly journal, occasional papers resulting from research studies, and an annual review of growth status of one of the States of the Union.

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The Ninth Annual Celebrations of the Institute of Mathematical Sciences organised on its Adyar campus on the 13th and 14th of January was the occasion for the study of Dr. H. J. Bhaba's contribution to scientific development. The more general theme of the contribution of science to Indian development was also the

subject of discussion and some exchange. The tasks particularly in the field of plants sciences as well as in animal husbandy and fisheries awaiting the urgent attention of Indian scientists were noted. The Director of the Institute of Mathematical Sciences plans to publish these papers.

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The Indian Council of Social Science Research organised a first seminar for the social scientists of the Universities of Annamalai, Madras and Venkateswara in Madras University on January 29th and 30th. The seminar discussed and reviewed the programme of the Council in relation to the needs of the South.

Three of the recommendations of the seminar will be taken up by the Madras Institute of Development Studies for advice or planning or implementation. The development of under-graduate teaching in anthropology and sociology in the affiliated colleges of the University of Madras and the other two Universities calls for early and urgent action. Without these teaching facilities, there can be no development research in the South. A second recommendation which the Indian Council of Social Science Research has requested this Institute to execute is the organization of a summer workshop in research methodology, preferably in one discipline. A third recommendation which will also be undertaken by the Institute with the help of the Indian Council of Social Science Research is a seminar on research priorities for area development and the use of research results by consumers.

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The Southern India Chamber of Commerce and Industry organised a two day economic conference in Rajaji Hall, Madras on the theme, Social Justice in

Economic Development. This conference is part of its Diamond Jubilee Celebrations, which include an impressive All India Agricultural and Industrial Exhibition in the city organised by the Chamber. The conference itself was the first occasion when the business community and the community of economists were brought together in the South. The conference was appropriate as a kick off to the Second Development Decade and in view of the Fourth Five-Year Plan and the central concern of the political manifestos issued by all parties for the mid-term poll. The issues of social justice and economic development are well posed in Mr. Dandekar's monograph 'Poverty in India' and Mr. Da Costa's annual 'The Pattern of Change : 1970—1980'. On the whole the businessmen in the conference were more concerned with the realisation of social justice. It was left to the over score of economists drawn from all over India to keep emphasizing the prior precondition of economic growth and economic development whose methodology should in itself be an exercise in social justice, while growth and development are simultaneously the only sure base for any effective programme of distributive justice. The cake *must* be shared equally and for this there must be a *cake* and a growing one that can be shared.

INDIA'S MANPOWER DILEMMAS

by

ELI GINZBERG, Ph.D.

Professor of Economics, and Director,
Conservation of Human Resources,
Columbia University.

1. The first and probably overwhelming challenge that India faces is to be able to put together into a productive relationship the large numbers of people who are unemployed so that more goods and services that the population urgently needs and desires can be increased. Regretably, up to the present those responsible for policy and planning have not been able to find the best ways for securing such an outcome. Hence, much of the potential labour force that India possesses continues to run to waste even while the country continues to be bereft of many essential goods and services. One must take encouragement however, from the fact that this issue of matching manpower and other resources more effectively has recently emerged into the foreground of the political arena with most parties from right to left promising to seek solutions to this challenge.

2. I have recently had an opportunity to be exposed to a considerable number of senior civil servants as a result of which exposure I have come away with conviction that India possesses one of the finest cadre of bureaucrats anywhere in the world. The only comparable group in my experience is to be found in London. Unquestionably, the I.A.S. represents a critical manpower resource and one that has contributed and currently contributes much to India's development. But there is another side to the question of government personnel. My impression—and it is nothing much more than that—is that the top

layer is very thin and that large numbers of government officials below the top are not very well motivated, directed or efficient. In fact, I would go further and contend that the total governmental apparatus at Centre, state, district levels leaves a great deal to be desired when it comes to working effectively.

The fact that the government plays a large role in the Indian economy—that so many actions depend on governmental approval—and a further fact if it be one, the total bureaucracy leaves a great deal to be desired—implies that one of the significant deterrents to a speedy progress is the capability of the governmental machine to operate on a high level of efficiency. A few simple illustrations. There are over a 100,000 government workers engaged in family planning activities. The widespread impression among experts is that the total effort today leaves a great deal to be desired in the sense of carrying not only the message to the village but to help the villagers to change their attitudes and behaviour. I have recently been in West Bengal: Nobody there believes that it would be a good idea to expand the governmental payroll as the method of reducing the unemployment rolls. They fear such a solution because as they put it, "everybody knows that the government employees do not work." Apparently, they do relatively little work. The senior officials in Orissa repeated that there is a grievous gap between what they in Bhubaneswar decided and what actually happens in the countryside. The local bureaucracy cannot communicate and relate effectively to the people among whom they must work.

In the face of a highly competent top bureaucracy and marked weaknesses below one must be careful not to overload the machine yet it seems to me that such overloading is going on all the time to the disservice of the nation.

3. If there be one thesis concerning manpower that most specialists would agree upon it is that India is suffering from faulty investments in education—for instance the growing number of educated unemployed and underemployed. Let me say right off that to some extent—but only to some extent I agree with this criticism. For instance the rich U.S. can only afford two leading schools of applied science—M.I.T. and CAL TECH but India has five IITs. From what I learned on my last visit, your IIT's could not have been better designed to serve as stimulators of the brain drain. If they are to use their training, the graduates have little prospect of work except in the highly sophisticated industry in the west. Small wonder that large numbers leave.

But having noted this error, one can add others. For instance, the Indian Medical Association decided a few years ago to prevent the further training of "felshers" despite the fact that the countryside cannot attract graduates of medical schools to practice. But these errors are only one side of the coin.

I have been reflecting for sometime about the implications of an educational policy that would have prevented the rapid increase of enrolment at college and university levels. What would have been the outcome? First let me note that the social investment costs for the large number of students in the humanities and the social sciences do not come high. I think there is something to be said for giving young people at least a chance to dream that they will be able to break out of penury. If one cannot dream at 18 or 20 what is the use of being alive? And a few will make it because of the opportunities which education has opened to them. Moreover, if they were not in college they would be on the streets looking for jobs. What would be the gain? The final point relates to the thesis that college spoils them for such work in the economy as is available. Frankly, I doubt this. While young people who earn their diplomas

or degrees may have a preference for white collar employment, I do not believe for a moment that they will remain unemployed indefinitely because of their unwillingness to soil their hands. That's nonsense. All that one is seeing at the present time is a painful adjustment between expectations and realities. Indian youths are learning the hard way that a diploma or a degree is no longer a guarantee for a preferred type of white collar employment. The market has the capacity to drive many unpleasant lessons home especially in a country in which so many live so close to the margin of subsistence.

4. There is a deep conviction among India's friends in the West that one of her most urgent problems is to check as speedily as possible the growth of the population which even under the most optimistic estimate is headed for the billion mark before the end of this century. At the same time these friends are appalled by the fact that while family planning is making some modest headway it is very far from reaching the hinterland. The interim target of a birth rate of 25 per thousand is still far away; the present rate is still hovering around 38 per thousand!

What lies at the back of this dilemma of the increasing recognition on the part of many Indians with the urgent necessity of reducing the birth rate and the slow progress that is being made to accomplish it. My tentative answers lie in two domains. First, I believe that despite the hundred thousand employees engaged on the programme, the key leadership is not *really* committed to pushing hard to assure its success. This is not, I believe, because they question the goal but only that they see little political advantage or even much feasibility of accomplishing the goal by pushing harder. The first rule for a politician is not to waste his influence. I believe that many see no payoff in taking a more aggressive stand for they

believe that the obstacles in the path of altering people's behavior are still too many and too large.

The nub of the matter lies in the need for a couple to have six or seven children if they are to be assured of having two adult sons at the time when they will no longer be able to work and take care of themselves. If the arithmetic is, as has just been sketched, the birth rate will drop in the village only if the conditions of life are altered so that fewer children die as education and income go up, as social security measures come to be introduced. For better or worse—and it is far worse as far as India is concerned—family planning can make progress only slowly.

5. In a country like India which is seeking to speed its development in the face of a very low per capita income and with modest foreign assistance there is no option but for the government to exercise a great many controls over the economy with respect to foreign exchange, import and export policy, capital investment, banking, prices, etc. There is no room in India for the Chicago School of Economics! But having indicated the necessity for government to play a dominant part in economic decision-making one need not approve all that government is currently trying to do to influence the allocation of resources. I refer back to my earlier remarks about the question of efficiency in the bureaucratic machine. It is cumbersome and acts and reacts slowly.

I can't prove it but I would venture the hypothesis that the government is trying to do too much in detail about the economy as a consequence of which it is slowing its potential rate of growth. I have a definite impression that the bureaucrats are overconfident with both their ability to plan and even more their ability to implement their plans. A related difficulty is that the officialdom is overconcerned with policies and procedures that are aimed at preventing excess profits that might accrue to a minority. What

they fail to appreciate is that there are alternative ways of recapturing some of the "social surplus" that derives from special governmental benefits but their primary aim should be to encourage and stimulate entrepreneurship that is directed to increasing useful output and employment. There is a small enough cadre of industrialists in India for the government to take special care not to put unnecessary obstacles in the path of businessmen who are eager to move ahead. I have the impression that the bureaucrats have hobbled industrial development in their zeal to prevent "unearned profits," while failing in their task of making any significant contribution to the equality of income. I would plead for a fewer controls that are thought out more carefully and implemented more effectively.

6. The predominant concern of every Indian adult is to find a way of earning his livelihood. The struggle to find a job is matched only by the struggle to keep it after one has found it. This means that in the forward sector management faces a difficult situation. It confronts a work force that is determined to do everything possible to make its jobs secure. The simple view is to stretch out work so as to be sure that there will be something for them to do tomorrow. Hence, management has relatively little scope to perform one of its critical responsibilities and that is to strive to improve labour productivity. Each and every effort that it makes along these lines is likely to lead to serious opposition from its work force which sees in such efforts a threat to its employment. The further fact that because of a surplus labour market wage rates are relatively low tends to reduce the pressure on management to strive after improved labour efficiency. As a consequence many of the gains in efficiency that should accompany industrialization are slow in coming.

The fact that Indian management has been loathe to deal with trade unions and to elicit their help in developing a mutually agreeable long range labour policy

—one where employment were protected while gains in productivity were sought--has further delayed necessary and surely desirable adjustment in this arena. It is inconceivable to a Westerner that the wages of jute workers in Calcutta were not raised in forty years until the leftist government came into power. Improved industrial relations in the forward sector in which management and labour are able to trade off employment security and higher wages for higher productivity is urgently needed.

7. Too little attention has been paid in my view to the large scale regional differences in India based on religion, culture, caste, and how these differences affect the distribution of manpower and influence economic development. It is a major accomplishment that India has worked out a viable pattern to keep so many diversive groups within a national frame. I know of no other country in the world that can point to a similar accomplishment especially if one makes allowance for the fact that India has done so within the context of a democratic political system. Clearly, these substantial group differences interfere with the mobility of manpower and pari passu with the mobility of other resources, including capital.

But the point that I would like to stress particularly is the ways in which these differences interfere with the mobility of talent. For instance, a major problem in Orissa is the posting of teachers to tribal areas: many are unable to communicate with the children whom they must teach, much less their parents. Although the various States including Orissa are now competing to attract entrepreneurs and capital, the fact remains that cultural differences militate against easy movement, especially with people with specialised skills and ability who are the very ones that are likely to have alternative opportunities.

The issue comes up also with respect to the posting of educated persons to small towns and villages even

when there are no ethnic or language differences. It is very difficult to have a city educated man take up an assignment in the hinterland. There is nothing very much that can be done about these "facts of life" except to recognize them for what they are and to take cognizance to the maximum possible degree of their existence in the training of personnel that is scheduled to serve in a region. For the long pull the development of a national language would help to ease matters.

8. The determination of the Planning Commission especially in the Third Plan to push aggressively on large heavy industry investment led to serious distortions in the economy with resulting shortfalls and output and employment from the targeted goals. Among the serious errors that the planners made was their underestimate of the time and experience required to build up a technical organization to a point where it could operate efficiently. Among the specific errors that were made was the lack of realization that both skilled management and skilled workers must learn what they need to know on the spot. Moreover, the Government of India failed to appreciate that the transfer of skilled I.A.S. officers into industrial positions was no proof that they could cope effectively with their new assignments and only a minority in fact were able to rise to the occasion. Moreover, industrial relations in many of the large public sector plants were poorly handled with the result that frequent slow downs and strikes further severely reduced output.

While it is impossible to prove there is presumption in a lower rate of investment in the heavy industry sector with correspondingly higher investment in agriculture, agro-business, and light manufacturing would have yielded a considerably higher interim rate of employment.

This much appears clear: there is not likely to be any economic need for much additional labour, if any, in selected public sector enterprises for some time to come. Many are staffed for close to 100 per cent capacity even though they are currently operating far below that figure. Hence one cannot look to heavy industry —at least that which is in place—to absorb much of the new inflow into the labour force. One can go further and say that it will probably take many years for most of these enterprises to reach a point where they will be operating close to the Plan's objectives in terms of costs and outputs.

9. While the "green revolution" is very important in helping India to become self-sufficient with respect to its food supplies, it is essential to note that much of the progress in the wheat areas has been capital intensive investments with the result that the employment and income position of some sub-marginal farmers and farm labourers has not improved and may in fact have worsened. The large landowners in possession of much higher incomes are loath to expose themselves indefinitely to the risks of running short of seasonal labour and of being forced to pay ever higher wages. Hence they look to increase of purchases of farm equipment to reduce their dependence on hired labour.

It is too early to be sure what long run employment consequences will be of revolution in wheat. It may well turn out the farmers who are unable to profit from the revolution directly may be able to find jobs in the neighbouring towns which are being stimulated by the rise in agricultural income and where employment is expanding in connection with providing support for the revolution as well as in providing new goods and services for the expanded consumption of the more affluent farm population. But the facts are not available as to the trade-off between possible diminution of farm labour and the

expansion of town employment brought about by the rise in agricultural output and income. This much is clear however: India will henceforth grow much more wheat with fewer labourers than was the case before the green revolution took hold. Fortunately, the situation with respect to paddy culture is more favourable to labour inputs. On the basis of current technology it would appear that significant gains in paddy output are linked among other things with greater labour inputs.

10. There is agreement among many observers that the vast majority of the large numbers of young people now entering the labour force will have to be absorbed in agriculture because there is no prospect of a sufficiently large expansion of employment in the secondary and tertiary sectors to provide jobs for more than a small proportion of the vast inflow. But the critical question that India therefore confronts is how these large numbers are in fact to be absorbed in a manner that will enable them to earn a living wage, preferably a little more.

The Indian village, with minor exceptions, is not well suited for absorbing additional labour into agriculture, surely not without corresponding other inputs as fertilizer, water and roads to carry away the surplus etc. Moreover, despite the current enthusiasm about growth centers, small industries and similar schemes that look forward to alternative types of employment creation in the larger villages and small towns, there are no firm plans yet available that will justify optimism that this will prove adequate. It is very difficult for self sufficient economies to absorb large numbers of young people entering working age. enterpreneurship, credit, even markets are often lacking.

This is not to say that India will fail to provide employment and income opportunities for its rapidly

increasing work force but only that the task is formidable and will require strong leadership in addition to improved planning at every level from the center to the village.

The foregoing propositions should help to make clear why it is not only difficult but impossible to draw any simple conclusions about the status of India's manpower problem as they currently exist much less those that lie ahead. Yet we will attempt to set forth a limited number of observations to serve as the summary for this analysis:

(a) There is evidence of the Indian economy making significant progress in terms of employment in different regions and within different sectors of the same region. In particular the economy is moving ahead in Punjab, Tamil Nadu, Maharashtra and Gujerat at least in many sectors of the States. One has the distinct impression that not only have things begun to move but there is sufficient momentum now established that one can look forward to the continuing deepening of the economy in all three sectors — agriculture, industry and services — with corresponding gains in employment and income. This does not mean of course that the rate of expansion will necessarily be sufficient to absorb all of the newcomers to the labour force in profitable employment but at least their prospects are better than for young people in other sections of the country.

(b) In sharp contrast to the foregoing are the many sections of the country where the forces of change seem not to be operating at all or at best at only a low level of intensity. It is difficult to say how many of the 550,000 villages still lie outside the money economy

but the total number is probably quite high; and many others have only limited contact with the outside world. Their "exports" and "imports" are limited to a few essentials and fewer luxuries. There are also a considerable number of urban places, small, medium and large (Calcutta) where the economy gives little or no evidence of moving ahead. Surely these urban economies are not experiencing an increase in employment that will enable them to absorb all the new entrants into the labour force from their own population, much less make room for in-migrants from the countryside. In short to balance the optimistic situation, detailed above, one must recognize that the Indian economy also has a great many areas where economic expansion is non-existent or at best limited.

(c) Although there has been a long term commitment on the part of the Center to narrow the gap between the more backward and the more advanced sectors of the country, the policy has been carried through with only moderate success. This is not to say that the Center has not tried—it has, but only that in the face of the underlying economic realities, its policies have not been sufficient to turn the trick. As one looks at the present disparities among the states one is forced to conclude that in the decade ahead it will again prove impossible for the Center to do much, to close the gap. If it is lucky it may be able to prevent it from widening. The simple but stark truth is that the several regions of the country differ noticeably with respect to their present stage of development as well as in their potential for further development in the near term. It will be a long time before Orissa despite its

rich resources, will reach the point where Maharashtra now is, not to stress where it is likely to be decade hence.

(d) The political scene makes it clear that a new awareness has arisen about the fact that economic growth does not necessarily lead to improving the position of the poor and may even lead to a further retrogression in their circumstances. While the several parties in their election manifestoes promised to improve the position of the unemployed, the underemployed and the low wage earner it is far from clear how they will be able to turn their promises into realities, particularly in the near term. And persons who do not have enough to eat cannot wait for cures that will be forthcoming only in the long run.

It would appear that no matter what party or parties come into power they will be forced to attend seriously to this overwhelming challenge of how to provide productive employment for the scores of millions who today eat too little because they work too little.

During the first 15 to 20 years India has devoted a significant part of her limited resources to raising a much expanded labour force who are now ready for work. Having seen them through the years of their dependency, India if it can find a way of fitting them into her economy can look forward to reaping some returns on these outlays. The real challenge that India faces to bring about the many institutional and economic transformations in and around agriculture where most of the enlarged labour force must be employed. There is every reason to believe that if the necessary adjustments and transformations can be carried out, larger labour inputs will yield constant or even increasing returns. India has no option but to proceed on this assumption.

MADRAS INSTITUTE
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The Institute founded and run by Dr. Malcolm S. Adiseshiah is a charitable trust registered under the Madras Charitable Trusts Act.

The aim of the Institute is to contribute to the economic and social development in Tamil Nadu and India.

The activities of the Institute are :

— Studies and action-oriented research in micro-development problems ;

— Documentation and library service in development programmes;

— Exchange and dialogue at the State, National and International levels on development issues;

— Publication of papers and research results of the Institute.

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Editor : Dr. Malcolm S. Adiseshiah